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THE Wool SITUATION

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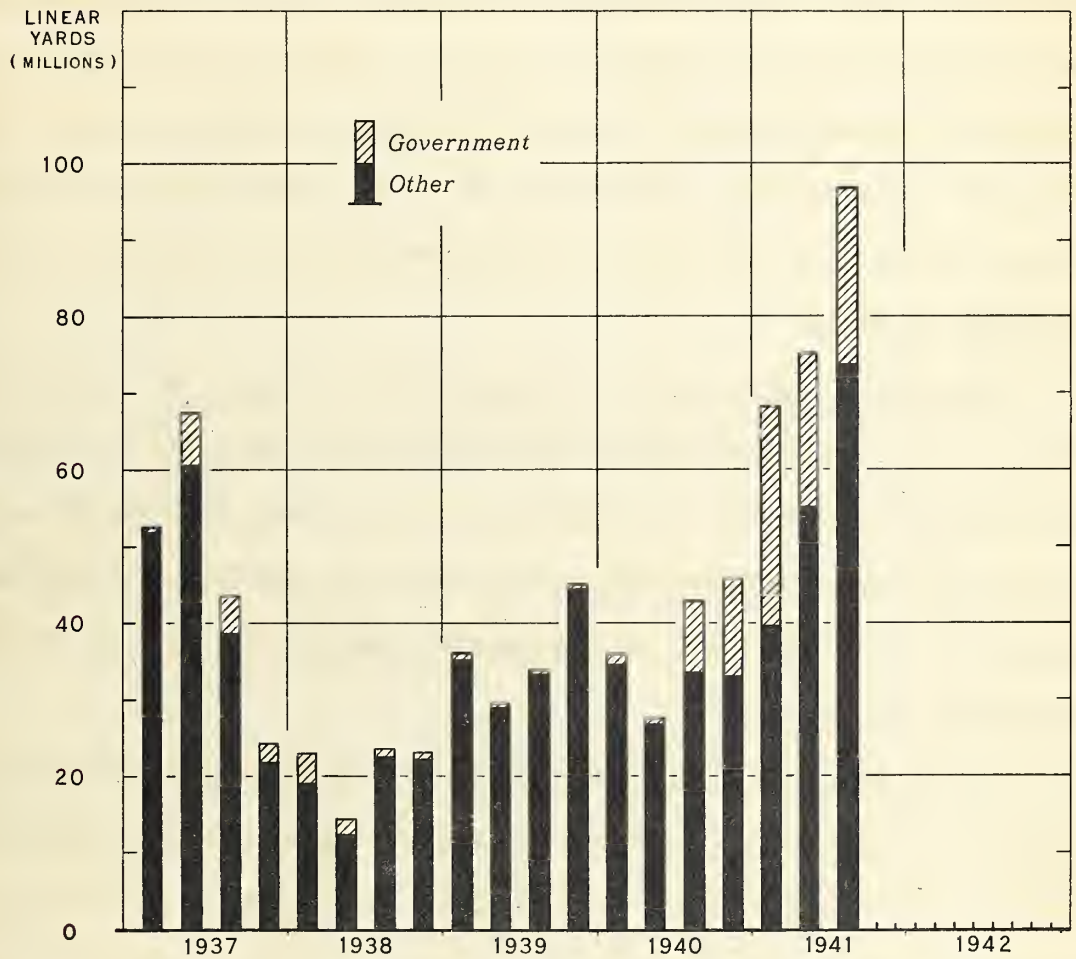
WOOL-57 BAE SEPTEMBER 1941

WOOL CLOTH: UNFILLED ORDERS REPORTED BY 119 MILLS, UNITED STATES, BEGINNING OF EACH QUARTER, 1937-41



DATA FROM NATIONAL ASSOCIATION OF WOOL MANUFACTURERS.
DATA FOR 1937 ARE ESTIMATED.

U. S. DEPARTMENT OF AGRICULTURE NEG. 39511 BUREAU OF AGRICULTURAL ECONOMICS

Unfilled orders for wool cloth held by reporting mills on June 28, 1941 were more than twice as large as a year earlier and were the largest in recent years. About one-fourth of the orders were for Government account. The high level of orders now held by mills is due in large part to Army purchases, but unfilled orders for civilian goods also were at a record high at the beginning of July. Unfilled orders were increased further in July as new awards were made for about 19 million yards of cloth for Army use.

THE WOOL SITUATION

Summary

Mill consumption of apparel wool in July, averaging 9,353,000 pounds scoured basis per week, was below the record level of recent months. The decline probably was due in part to seasonal factors, but it also reflects labor difficulties in the industry. Even at the lower rate of consumption reported in July, consumption for the year would exceed 900 million pounds grease basis, by far the largest on record. Unfilled orders for wool cloth now held by reporting mills are more than twice as large as a year earlier. With new orders for Army materials to be awarded this month, mill consumption is likely to be maintained at the current rate, or higher, during the remainder of 1941.

Imports of apparel wool for consumption in the first 6 months of this year totaled 348 million pounds compared with 98 million pounds in the same months of 1940. Receipts of foreign apparel wool at three ports, Boston, New York, and Philadelphia, continued fairly large in July and August but the current rate of receipts is much smaller than in the first half of the year.

Total supplies of apparel wool on hand in the United States on August 1, including 1941 domestic production, probably were about 100 million pounds larger than a year earlier. But supplies are not large in relation to the current rate of mill consumption. As no additional supplies of domestic wool will be available for mill use much before June 1942 imports are likely to increase in the late fall and winter when the 1941-42 clip becomes available in the Southern Hemisphere.

Early indications are that wool production in Argentina and Uruguay in 1941-42 will not differ greatly from that of the current season. But the carry-over of wool into the new season is expected to be much smaller than in 1940 and total supplies available for export in 1941-42 will be smaller than in the current season. Supplies of wool available in Australia and South Africa in the 1941-42 season will be relatively large. This wool is under regulation of the British Wool Control as to destination and prices.

Domestic prices of wool have not changed much during the past few months after the marked advance in the last half of 1940. Sales of wool were small at Boston in August but prices were generally firm. Mills were receiving large deliveries of western domestic wools purchased in earlier months, and these were sufficient to fill current needs. The invitation for bids on Army materials in early September was followed by an increase in sales of a few kinds of domestic wools at Boston.

-- September 10, 1941

REVIEW OF RECENT DEVELOPMENTS

Prices Mostly Unchanged at Boston

Sales of wool were small and price quotations on fine and medium grades of apparel wool were largely unchanged during August, according to reports of the Agricultural Marketing Service. Price quotations on coarse grades advanced in August. The slackness in trade was largely the result of seasonal factors and of strikes in the wool manufacturing industry. Mills were receiving large deliveries of western grown wools purchased in earlier months, and as these deliveries accumulated the need for new purchases declined.

Quoted prices of fine combing (staple) territory wool at Boston averaged $1.07 a pound, scoured basis, in August. Quoted prices on this wool have remained unchanged since April. The average price of fine combing territory wool at Boston in August 1940 was 89 cents a pound. Quoted prices of 3/8 blood combing territory wools, which had remained unchanged since May at 91.5 cents a pound, declined to 89.5 cents in the latter part of August. Prices of such wool averaged 75.4 cents a pound in August 1940.

The invitation for bids on Army materials in the first week of September stimulated inquiries in the Boston wool market and was followed by an increase in sales of a few kinds of domestic wool. Medium wools were more active, and prices showed a firmer tendency for 3/8 and 1/4 blood bright fleece wools.

The average price of wool received by farmers in mid-August was 35.7 cents a pound compared with 36.3 cents a month earlier and 27.3 cents a year earlier. Prices received by farmers for wool shorn this year were the highest in at least 12 years.

New Government Orders

In early September the Army requested bids on about 8.7 million yards of woolen and worsted cloth. The bids will be opened on September 15 and delivery of most items is to be completed within 130 days of the date of award. Principal items to be ordered are 1.5 million yards of melton overcoating, 2 million yards of 18-ounce serge, 2.5 million yards of shirting flannel, 1.3 million yards of wool lining cloth, and 1 million yards of 20-ounce suiting. The bids are equivalent to about 25 million pounds of domestic wool, grease basis.

As previously reported, orders were placed in July for about 19 million yards of similar fabrics. Delivery periods specified in the July orders were considerably longer than the 130 days specified for the new bids to be opened this month.

Unfilled Orders for Wool Cloth at Record High

Unfilled orders for woven cloth reported by mills on June 28 totaled 97 million linear yards, the largest total on record, according to statistics reported by the National Association of Wool Manufacturers. At the end of June last year unfilled orders totaled 43 million linear yards. The total for June 28 this year included orders for 23 million yards of cloth for Government agencies, chiefly Army materials, and the total was increased further in July when awards were made on large quantities of overcoating, serge, and shirting materials for Army use. The July awards to 119 firms which report to the National Association of Wool Manufacturers probably totaled about 18 million yards.

Although the record level of orders at the present time is due in large part to Government purchases, unfilled orders for civilian fabrics probably were at record levels on June 28, surpassing the previous high at the end of March 1937.

The chart on the cover page shows unfilled orders reported by 119 firms for specified dates near the beginning of each quarter, 1938-41 and comparable estimates for 1937. The statistics are for woven cloth containing by weight over 25 percent of yarns spun on the woolen and worsted system. The orders cover men's wear and women's wear materials and auto cloths, excluding cloths with pile or jacquard design. The 119 reporting mills are equipped with 26,000 looms. Data for 1938-41 are given on page 9.

Mill Consumption Declines in July

The weekly average mill consumption of apparel wool in July was 9,353,000 pounds, scoured basis. This is 11 percent below the record rate of consumption in June and is the lowest rate reported since February. The July consumption was 65 percent larger, however, than in July 1940. The holiday period and labor difficulties probably were responsible in large part for the decline from the rate maintained in preceding months. Consumption of apparel wool on a scoured basis in the first 7 months of 1941 was almost twice as large as in the same months of 1940 and was the largest on record for the industry. Consumption on a greasy shorn and pulled basis from January through July totaled 549 million pounds compared with 299 million pounds in the same months last year.

Mill consumption of carpet wool also declined in July but was almost twice as large as in July 1940. Consumption of carpet wool on a scoured basis in the first 7 months of this year amounted to 79 million pounds compared with 53 million pounds for the same months last year. Consumption so far this year has been larger than in the corresponding period of any recent year with the possible exception of 1937.

Imports Increase in June

Imports for consumption of apparel wool in June totaling 62 million pounds were 5 million pounds larger than in May but were smaller than the near-record imports of 72.3 million pounds in April. In the first 6 months of 1941 imports for consumption amounted to 348 million pounds compared with 98 million pounds in the first half of 1940.

General imports of apparel wool (entries for immediate consumption and into bonded warehouses) totaled 471 million pounds in the first half of 1941. This total includes Australian wool imported for British account and held for reserves. Figures on imports for consumption, of course, do not include wool imported for British account. Receipts of British-owned Australian wool for reserve stocks amounted to about 64 million pounds in the first half of 1941.

Receipts of foreign apparel wool at three ports, Boston, New York, and Philadelphia, continued relatively large in July and August. But the weekly rate of receipts in July and August was considerably smaller than the average weekly rate in the first half of the year.

Imports of carpet wool for consumption totaled 22.4 million pounds in June, nearly three times as much as in June 1940. In the first half of 1941 imports of carpet wool for consumption were 119.2 million pounds compared with 80.7 million pounds imported in the first half of 1940.

South America - Exports

During the first 10 months (October-July) of the current season exports of wool from Argentina and Uruguay totaled 526 million pounds, the largest total in many years. About 85 percent of the exports were to the United States. In 1934-38 about 15 percent of shipments went to the United

States. Other countries taking an appreciable quantity of wool from Argentina and Uruguay this season are Japan, Russia, and Sweden, with more than normal purchases, and the United Kingdom, which has taken only a fraction of the quantity usually purchased in South America. Total exports and exports to the United States from Argentina and Uruguay in the first 10 months of the season with comparisons are shown in the accompanying table.

Wool Prices

Prices of South American wools were relatively low in the early fall of 1940, and the spread between prices of United States and South American wools was wide. The strong demand from United States buyers after the opening of the 1940-41 season was accompanied by a steady increase in prices of fine and medium wools in South American markets. The spread between United States and South American wools declined rapidly but because of the relatively small supplies available in the United States, purchases of wool by United States buyers continued large through the 1940-41 season.

Prices of wools at Boston and at Montevideo and the spread between these prices in the active selling season at Montevideo are shown on page 11.

Exports of wool from Argentina and Uruguay in the first 10 months (October-July) of the export season, 1934-40 1/

Period beginning Oct. 1	Argentina		Uruguay		Two countries	
	United States 2/	Total	United States	Total	United States	Total
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
1934	35.0	285.5	2.9	104.3	37.9	389.8
1935	48.0	258.8	22.8	107.6	70.8	366.4
1936	75.6	281.9	26.8	118.8	102.4	400.7
1937	13.7	240.7	0.8	78.7	14.5	319.4
1938	57.5	332.1	11.6	111.9	69.1	444.0
5-year average	46.0	279.8	13.0	104.3	59.0	384.1
1939	117.6	257.9	30.5	97.9	148.1	355.8
1940 3/	329.9	389.5	116.1	136.2	446.0	525.7

Compiled from commercial reports supplied by the Buenos Aires Office of Foreign Agricultural Relations.
1/ Weight of greasy, scoured, and skin wool as reported.
2/ Includes small shipments to Canada in some years.
3/ Preliminary.

OUTLOOK

BACKGROUND.- Stimulated by large Government orders and increased incomes of consumers, mill consumption of apparel wool in the United States in early 1941 advanced to the

highest level on record for the industry. Consumption in the first half of the year was fully twice as large as in the corresponding months of 1940. The increase in mill consumption in 1940 and 1941 was accompanied by a marked increase in wool prices. Prices received by farmers for wool shorn this year were 25 to 30 percent higher than a year earlier and were the highest in at least 12 years.

The marked increase in consumption resulted in rapid depletion of stocks of domestic wool, and imports increased to record levels in the early part of 1941.

Mill Consumption

In the first 7 months of 1941 the average monthly mill consumption of apparel wool was about 78 million pounds, greasy shorn and pulled. With unfilled orders for wool cloth in August the largest on record for the industry, and with additional Army orders announced for award in September, it seems probable that mill consumption will be maintained at this rate or higher during the remainder of 1941. This indicates a total consumption for 1941 of more than 900 million pounds, grease basis.

The weekly average rate of consumption in July was slightly below the average for the first 6 months of this year and was the lowest rate reported since February. The decline in July was in part seasonal, but it probably was due in part to strikes in some sections of the wool manufacturing industry. Reports indicate that labor disputes also prevailed in some mills in August. Even at the lower rate of consumption reported in July, consumption for the year would exceed 900 million pounds.

Wool Supplies and Imports

Imports of wool were of record proportion in the early months of 1941. Although mill consumption of wool in the first 7 months of this year was about twice as large as in the same months of 1940, total supplies of apparel wool on hand in the United States on August 1, including 1941 domestic production, probably were about 100 million pounds larger than a year earlier. But supplies were not large in relation to the current rate of mill consumption.

Allowing for minimum carry-over stocks of 200 million pounds, the total supplies on hand on August 1 were equal to about a 5 months' supply at the current rate of mill consumption, that is, to January 1, 1942. The supply is being supplemented by current imports but the current rate of import is much smaller than in the first half of the year, and no additional supplies of domestic wool will be available for mill use much before June 1942. In view of these factors, together with requirements for building up reserve supplies of wool in the United States, imports are likely to increase in the late fall and winter when the 1941-42 clip becomes available in the Southern Hemisphere.

Smaller Supplies in Prospect for 1941-42 in Argentina and Uruguay

Early indications are that production in Argentina and Uruguay in 1941-42 will not differ greatly from that of the current season - estimated at about 550 million pounds.

As a result of the strong demand from United States buyers, supplies of the current season have been largely disposed of and the carry-over on October 1, 1941 will be much smaller than a year earlier. Carry-over stocks in Argentina and Uruguay on October 1 last year totaled about 110 million pounds and were the largest in recent years. Wool brokers in Montevideo estimated that there were not more than 5 million pounds of wool left for sale in that market at the end of July 1941; an additional 2 million pounds already sold were awaiting shipment. Stocks of merino and fine crossbred wools in the Buenos Aires market were said to be practically exhausted at the beginning of August, and small remaining lots of second clip carpet wools were moving rapidly.

With little change in production in prospect and with carry-over stocks much smaller than a year earlier, total supplies available for export in 1941-42 will be considerably smaller than the 565 million pounds estimated for the current season, and supplies are likely to be smaller than the 5-year average (1935-36 - 1939-40).

Mill consumption of wool in Argentina has increased steadily in recent years and the restriction of European trade has provided an additional stimulus to domestic manufacture. Consumption in 1940-41 was estimated at 66 million pounds. Mill consumption in Uruguay also has increased but the consumption is relatively small, probably amounting to 8-10 million pounds at the present time.

Other Southern Hemisphere Supplies

Supplies of wool available in Australia and South Africa in the 1941-42 season probably will be relatively large. But this wool has been purchased by the United Kingdom and is released by the British Wool Control under strict regulation of destination and prices. Further extension of the war might increase shipping difficulties in those countries in coming months.

Unfilled orders for woven cloth reported by 119 mills, beginning of each quarter, 1938-41 1/

Quarter beginning	Men's wear			Women's wear	Auto cloths 2/	Total
	Government	Other	Total			
	1,000 linear yards	1,000 linear yards	1,000 linear yards	1,000 linear yards	1,000 linear yards	1,000 linear yards
1938						
January	3,944	10,924	14,868	6,043	2,055	22,966
April	2,293	6,293	8,586	4,139	1,894	14,619
July	995	13,286	14,281	8,041	1,315	23,637
October	785	13,777	14,562	6,541	1,968	23,071
1939						
January	844	24,456	25,300	8,951	1,782	36,033
April	565	22,905	23,470	5,252	834	29,556
July	661	19,913	20,574	11,526	1,824	33,924
October	635	31,887	32,522	9,260	3,244	45,026
1940						
January	1,376	23,438	24,814	9,204	2,005	36,023
April	748	21,297	22,045	4,429	1,136	27,610
July	9,436	17,564	27,000	12,933	3,064	42,997
October	12,806	19,200	32,006	10,919	2,927	45,852
1941						
January	28,457	25,799	54,256	11,403	2,494	68,153
April	20,148	40,256	60,404	12,170	2,675	75,249
July 3/	23,018	49,315	72,333	18,961	5,605	96,899

Compiled from Monthly Statistics of Wool Manufacture, published by the National Association of Wool Manufacturers. Statistics are for cloth containing by weight over 25 percent of yarns spun on the woolen and worsted system. Cloth less than 50 inches wide reported in equivalent 54-inch yardage.
1/ Reports are for specified dates, near the beginning of each quarter.
2/ Excludes cloth with pile or jacquard design.
3/ June 28.

United States: Wool imports, consumption, and machinery activity, selected periods, 1939-41

Item	Year		January-June		June	May	June
	1939	1940	1940	1941	1940	1941	1941 1/
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Imports for consumption, actual weight: 2/							
Apparel	98,194	222,983	98,052	347,806	10,566	56,949	61,988
Finer than 40s	74,612	199,149	87,157	323,328	9,053	53,164	56,293
Not finer than 40s	23,582	23,834	10,895	24,478	1,513	3,785	5,695
Carpet, including camels hair	144,875	134,691	80,661	119,166	7,760	17,572	22,416
	Year		January-July		July	June	July
	1939	1940	1940	1941	1940	1941	1941
Mill consumption: 3/							
Grease basis - 4/							
Apparel	630,150	640,871	298,538	549,258	61,050	77,104	87,770
Carpet	148,513	137,494	73,236	113,958	8,315	16,143	16,440
Scoured basis -							
Aggregate -							
Apparel	293,083	310,021	149,540	292,442	28,431	41,903	46,765
Carpet	103,421	97,852	52,628	78,856	6,061	11,172	11,320
Weekly average -							
Apparel	5,636	5,962	4,824	9,434	5,686	10,476	9,353
Carpet	1,989	1,882	1,698	2,544	1,212	2,793	2,264
	Weekly average in hours						
Machinery activity: 3/							
Hours operated per machine in place -							
Worsted combs	51.8	55.1	46.1	85.0	56.5	92.3	83.2
Worsted spindles	39.6	37.7	30.9	58.2	35.8	64.1	60.0
Woolen spindles	39.8	43.2	37.5	60.6	42.7	66.1	63.9
Woolen and worsted looms -							
Broad	40.7	39.0	33.8	58.9	37.5	63.3	59.2
Narrow	13.2	13.6	13.0	24.2	13.6	31.3	27.1
Carpet and rug looms -							
Broad	37.4	37.9	36.0	49.5	25.7	54.8	45.6
Narrow	22.7	21.9	20.2	30.7	15.9	34.9	27.7

Import figures from the Bureau of Foreign and Domestic Commerce. Consumption and machinery activity from the Bureau of the Census.

1/ July imports not yet available.
2/ Weight of greasy, scoured, and skin wool added together.
3/ Figures for June based on 4 weeks, July on 5 weeks, January-July on 31 weeks. No adjustments made for holidays.
4/ Total of shorn and pulled wool. Pulled wool, grease basis, is in condition received from pulleries and is mostly washed.

Prices per pound, grease basis, of domestic and Uruguay medium wools, and spread between these prices 1939-41

Season and month	Boston 1/	Montevideo 2/	Spread	At Boston		
				Domestic 3/	Uruguay 4/	Spread
	Cents	Cents	Cents	Cents	Cents	Cents
1939-40						
Oct.				48.8	38.5	10.3
Nov.				47.0	37.5	9.5
Dec.	46.0	24.9	21.1	46.0	34.5	11.5
Jan.	44.6	25.3	19.3	44.5	34.3	10.2
Feb.	42.4	28.8	13.6	42.4	35.5	6.9
Mar.	38.5	29.6	8.9	38.5	35.5	3.0
Apr.				36.1	33.0	3.1
May				37.1	33.0	4.1
June				39.5	33.0	6.5
July				39.5	29.5	10.0
Aug.				39.5	28.8	10.7
Sept.				41.2	28.8	12.4
1940-41						
Oct.	45.0	25.9	19.1	45.0	31.5	13.5
Nov.	46.4	28.2	18.2	46.4	32.5	13.9
Dec.	45.2	29.0	16.2	45.2	33.5	11.7
Jan.	44.8	29.9	14.9	44.8	33.5	11.3
Feb.	44.0	31.4	12.6	44.0	35.8	8.2
Mar.	44.0	31.6	12.4	44.0	36.7	7.3
Apr.	44.8	31.6	13.2	44.8	37.4	7.4
May				46.1	37.8	8.3
June				46.8	39.5	7.3
July				46.4	39.5	6.9
Aug.				45.6	39.5	6.1

Compiled as follows: Prices of domestic wool at Boston from reports of the Agricultural Marketing Service. Prices of Uruguay (Montevideo) wool in bond at Boston from the Boston Commercial Bulletin. Prices at Montevideo from Revista Semanal, Camara Mercantil de Productos del Pais - Montevideo. All prices are averages of weekly range quotations. Statistics for 1936-39 were published in The Wool Situation for October 1940.

1/ Average of domestic 3/8 and 1/4 blood combing, bright fleece wools.
2/ Uruguay fine crossbreds, superior.
3/ Domestic 3/8 blood combing, bright fleece wools.
4/ Montevideo 1s (56s) in bond (before payment of duty).

Prices of wool per pound in specified markets, and prices of textile raw materials in the United States, selected periods, 1939-41

Market and description	Average 1939	Average 1940	High 1939 1/	Aug. 1940	1941 June	1941 July	1941 Aug.
United States:	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Boston market-							
Territory, scoured basis-							
64s, 70s, 80s (fine) staple	82.7	96.3	109.5	89.0	107.0	107.0	107.0
56s (3/8 blood) combing	69.3	79.7	94.1	75.4	91.5	91.5	90.4
46s (low 1/4 blood)	62.6	76.1	87.5	76.0	81.0	81.8	83.4
Bright fleece, greasy-							
64s, 70s, 80s (fine) delaine	32.9	38.0	43.0	34.8	43.0	42.6	42.0
56s (3/8 blood) combing	36.2	41.2	48.8	39.5	46.8	46.4	45.6
46s (low 1/4 blood)	35.5	41.0	49.0	41.0	44.5	47.0	48.0
Foreign wool - in bond at Boston 2/							
Sydney - scoured basis							
64s, 70s, combing	58.6	67.9	79.2	63.5	74.0	72.8	70.8
Cape - scoured basis							
12 months, combing	53.7	62.9	73.8	61.0	72.5	71.1	68.8
Montevideo - grease basis							
Merinos (60-64s)	26.1	31.2	36.5	26.8	41.0	41.0	41.0
1s (56s)	28.3	32.4	38.5	28.8	39.5	39.5	39.5
Prices received by farmers, grease basis, 15th of month	22.3	3/28.4	28.7	27.3	36.5	36.3	35.7
Textile fibers:							
Wool, territory fine staple 4/	82.7	96.3	109.5	89.0	107.0	107.0	107.0
Cotton, 15/16" Middling 5/	9.30	10.17	10.84	9.91	13.79	15.58	16.14
Silk, Japanese 6/	271.8	278.1	392.1	252.9	301.9	304.9	308.0
Rayon yarn, 150 denier 7/	51.5	53.0	53.0	53.0	53.0	53.0	53.0
Rayon staple fiber 8/							
Viscose 1-1/2 denier	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Acetate 5 denier	46.0	43.0	46.0	43.0	43.0	43.0	43.0

Compiled from reports of the Agricultural Marketing Service except as otherwise noted.

1/ Highest monthly average price.
2/ Before payment of duty. Compiled from the Boston Commercial Bulletin.
3/ Preliminary.
4/ Scoured basis, Boston market.
5/ Average at ten markets.
6/ White, 13-15 denier, at New York, Bureau of Labor Statistics.
7/ Domestic yarn, first quality, Bureau of Labor Statistics.
8/ F.o.b. producing plants, Bureau of Labor Statistics.